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12 UNITED STATES BANKRUPTCY COURT
13 NORTHERN DISTRICT OF CALIFORNIA, SANTA ROSA DIVISION

14

15 In re:

16 LEFEVER MATTSON, a California
17 corporation, et al.

18 Debtors.

19 Case No. 24-10545
20 Chapter 11

21 **CHASE 1992 FAMILY TRUST'S
22 OPPOSITION TO MOTION OF THE
23 OFFICIAL COMMITTEE OF
24 UNSECURED CREDITORS FOR
25 SUBSTANTIVE CONSOLIDATION OF
26 DEBTOR LEFEVER MATTSON AND KS
27 MATTSON PARTNERS, LP AND FOR
28 RELATED RELIEF**

29 Date: July 18, 2025

30 Time: 11:00 a.m.

31 Judge: Hon. Charles D. Novack

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33 JOHN CHASE, trustee of the CHASE 1992 FAMILY TRUST ("Chase Trust"), files this
34 opposition to the Official Committee of Unsecured Creditors' (the "Committee") Motion for
35 Substantive Consolidation of Debtor LeFever Mattson, Inc. ("LFM") and KS Mattson Partners, LP
36 ("KMP") (the "Motion") as it relates to debtor Live Oak Investments, LP ("Live Oak") as set forth
37 below.

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39 **I.**
40 **FACTUAL BACKGROUND**

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42 As stated in prior filings, Live Oak is different from the LFM Debtors and KMP. Live Oak
43 is not part of the Ponzi scheme; it is a victim. Two weeks prior to the commencement of this

1 bankruptcy case, LFM caused Live Oak to sell its sole asset, generating net proceeds of
2 \$3,971,116.96 to Live Oak. (Docket No. 1669 at 3:11-18.) LFM subsequently filed for bankruptcy,
3 preventing Live Oak from distributing any of the remaining proceeds to its legitimate investors. Said
4 another way, Live Oak has a valuable asset (cash) that can be liquidated and distributed to its
5 legitimate investors.

6 **II.**
7 **DISCUSSION**

8 In the Ninth Circuit, a bankruptcy court may use its equity powers to substantively
9 consolidate legal entities where (i) creditors dealt with the subject entities as a single economic unit
10 and did not rely on their separate identities in extending credit; or (ii) the affairs of the debtors are
11 so entangled that consolidation will benefit all creditors. (*Alexander v. Compton (In re Bonham)*),
12 229 F.3d 750, 766 (9th Cir. 2000).) Substantive consolidation should be used sparingly. (*Id.*)

13 Preliminarily, the Motion is ambiguous in terms of what exactly the Committee seeks to
14 substantively consolidate. Footnote 2 on page 1 of the Motion states the Committee reserves the
15 right to seek substantive consolidation of all the LFM Debtors until plan confirmation; page 18 of
16 the Motion requests an order substantively consolidating the cases of LFM and KMP; and the
17 proposed order suggests the Motion would substantively consolidate all of the LFM Debtors with
18 LFM and KMP. It is entirely unclear what entities the Committee seeks to substantively consolidate.
19 To the extent the Committee seeks to substantively consolidate Live Oak with any entity, the
20 Committee fails to present any admissible evidence to satisfy either as it relates to Live Oak
21 specifically. Rather, the Committee makes broad allegations, lumping Live Oak with sixty other
22 debtors without any mention of its unique nature.

23 Live Oak's Schedules of Assets and Liabilities shows that its assets consist of cash in bank
24 accounts and claims against other LFM Debtors. (Docket No. 319.) Live Oak has no real estate and
25 no operations. The only proofs of claim against Live Oak are claims asserted by Ken Mattson and
26 Tim LeFever. (Docket No. 916, 4:18-24.) Essentially, Live Oak is solvent and liquid. Its assets are
27 readily identifiable, and consolidating Live Oak with the remaining LFM Debtors just dilutes Live
28 Oak's creditors' distributions.

1 Other genuine creditors have recognized Live Oak's differences from the other LFM
2 Debtors. A separate Live Oak investor, Creditor Andrew Revocable Trust dated June 21, 2001 (the
3 "Andrew Trust") moved for an order appointing a trustee in the Live Oak bankruptcy. (See Case
4 No. 24-10511; Docket No. 17.) Other creditors are already seeking judicial relief to administer Live
5 Oak's estate, further demonstrating that Live Oak's assets are ready to be distributed. The
6 Committee fails to allege facts to warrant the extraordinary relief of substantively consolidating
7 Live Oak with the remaining LFM Debtors.

III. CONCLUSION

10 The Committee has not demonstrated sufficient grounds to substantively consolidate Live
11 Oak with any of the other debtors. The Court should deny the Committee's motion for substantive
12 consolidation. In the alternative, should the Court substantively consolidate the LFM Debtors with
13 LFM and/or KSM, Live Oak should be excluded from the substantive consolidation.

14 DATED: July 18, 2025

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By:

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